

Message Text

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ACTION EB-07

INFO OCT-01 EA-09 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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-----060848Z 040991 /10

R 060502Z MAY 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9369

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

UNCLAS SECTION 1 OF 2 MANILA 6878

E.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: GSP: FIRST YEAR REVIEW

REF: A. STATE 67507 B. MANILA 5126

1. REF. A ASKED A NUMBER OF QUESTIONS CONCERNING THE EFFECT OF THE U.S. GSP PROGRAM ON PHILIPPINE EXPORTS IN 1976. REF. B GAVE A PRELIMINARY ANALYSIS OF GSP TRADE. THIS CABLE FOCUSES MORE DIRECTLY ON THE ATTITUDE AND REACTION OF THE GOP TO THE PROGRAM. THE ANSWERS GIVEN BELOW WERE PROVIDED ORALLY OR IN WRITING BY OFFICIALS OF THE PHILIPPINE DEPARTMENT OF TRADE.

A) WAS GSP BENEFICIAL TO THE PHILIPPINES?

YES, BUT THE ADVANTAGES OFFERED BY THE GSP ARE STILL TOO LIMITED. CONSIDERABLE IMPROVEMENTS IN THE VARIOUS SCHEMES SHOULD BE EFFECTED FOR GSP TO BECOME AN IMPORTANT EXPORT PROMOTION TOOL. PRODUCT
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COVERAGE MUST BE ENLARGED AND THE DEGREE OF UNCERTAINTY REDUCED.

B) HAVE EXPORTS TO THE U.S. INCREASED?

TOTAL PHILIPPINE EXPORTS TO THE UNITED STATES INCREASED FROM \$654.79 MILLION IN 1975 TO \$915.34 MILLION IN 1976 OR AN INCREASE OF 40 PCT. THE FOREGOING INFORMATION, HOWEVER IS NOT SUFFICIENT TO CONCLUDE THAT PHILIPPINE EXPORTS TO U.S. HAVE INCREASED AS A

RESULT OF GSP.

C) IS ANY NEW INVESTMENT PLANNED OR WAS ANY UNDERTAKEN IN ORDER TO BENEFIT FROM GSP?

NONE IN PARTICULAR, BUT IN THE FORMULATION OF THE ANNUAL INVESTMENTS PRIORITIES PLAN AND THE EXPORT PRIORITIES PLAN, THE VARIABLES TAKEN INTO ACCOUNT INCLUDE THE PREFERENTIAL TARIFF CONCESSIONS AVAILABLE IN MAJOR MARKETS, PARTICULARLY UNDER THE VARIOUS GSP SCHEMES.

D) DID PRODUCTS THAT WERE ELIGIBLE FOR GSP NOT RECEIVE THE BENEFITS OF GSP FOR SOME REASON? WHAT WAS THE REASON OR REASONS?

IN THE CASE OF THE U.S., MOST OF THE PHILIPPINE PRODUCTS WERE DENIED PREFERENTIAL TREATMENT BECAUSE OF THE COMPETITIVE NEED PROVISION. THESE PRODUCTS WERE: BANANAS, NOT FRESH OR DRIED, OTHERWISE PREPARED OR PRESERVED; SUGAR, SYRUP, MOLASSES PRINCIPALLY CRYSTALLINE OR DRY AMORPHOUS FORM, MAHOGANY FORKS AND SPOONS; VENEER, PHILIPPINE MAHOGANY; WOOD VENEER PANELS; YARNS AND ROVINGS OF OTHER VEGETABLE FIBER EXCEPT COTTON; BEADS, BUGLES AND SPANGLES, NES NOT STRUNG AND SET; AND ARTICLES OF SHELL, NSP.

E) WAS THE PROGRAM WELL KNOWN AND WELL UNDERSTOOD?

YES, THROUGH THE WORKING GROUP OF INFORMATION DISSEMINATION OF THE GSP COORDINATING COMMITTEE, WHICH IS HEADED BY DEPARTMENT OF TRADE, SEMINARS AND ARTICLES ON US GSP ARE REGULARLY PRESENTED. ALSO, THREE GSP INFORMATION CENTERS HAVE BEEN ESTABLISHED IN THREE GOVERNMENT AGENCIES (BOARD OF INVESTMENT, BUREAU OF CUSTOMS, AND BUREAU OF FOREIGN TRADE) WHERE EXPORTERS CAN WALK UNCLASSIFIED

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IN, WRITE OR CALL FOR INFORMATION ON GSP IN GENERAL OR ON THE US GSP IN PARTICULAR.

F) DO PHILIPPINE EXPORTERS FIND IT DIFFICULT TO MEET THE 35 PCT VALUE-ADDED REQUIREMENTS?

THE PHILIPPINES HAS ENCOUNTERED FEW PROBLEMS. ONLY ELECTRONIC COMPONENT ITEMS HAVE DIFFICULTY MEETING THE VALUE-ADDED REQUIREMENT.

G) HAVE FORM A'S ALWAYS BEEN AVAILABLE?

THE BUREAU OF CUSTOMS, THE AGENCY AUTHORIZED TO DISTRIBUTE FORM A, HAS PROVIDED AN ADEQUATE NUMBER OF FORMS.

H) WHAT WAS THE EFFECT OF GSP ON THE VOLUME OF TRADE?

TOTAL PHILIPPINE EXPORTS TO THE GSP DONOR COUNTRIES (EXCEPT BULGARIA, CZECHOSLOVAKIA AND HUNGARY) OVER THE PAST FIVE YEARS

FROM 1971 TO 1975 GREW AT AN AVERAGE ANNUAL RATE OF 18 PCT FROM \$1.02 BILLION IN 1971 TO \$1.98 BILLION IN 1975. FROM 1971 TO 1976, THE UNITED STATES, JAPAN AND EUROPEAN ECONOMIC COMMUNITY COMPRISED THE TOP THREE MARKETS FOR PHILIPPINE EXPORTS. THE OTHER PREFERENCE-GIVING COUNTRIES ARE GRADUALLY INCREASING THEIR

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INDIVIDUAL SHARES OF PHILIPPINE PRODUCTS. THE FOREGOING INFORMATION, HOWEVER, IS NOT SUFFICIENT TO CONCLUDE THAT THE PHILIPPINE EXPORT AND EXPORT EARNINGS HAVE INCREASED AS A RESULT OF GSP.

I) HOW DOES THE PHILIPPINE USE OF GSP COMPARE WITH OTHER COUNTRIES THAT YOU MAY NOW ABOUT?

BELOW IS A TABLE SHOWING THE GSP EXPORTS OF THE PHILIPPINES TO ALL GSP DONOR COUNTRIES AS COMPARED TO 5 OTHER BENEFICIARY COUNTRIES.

BENEFICIARY GSP EXPORTS PERCENTAGE SHARE NO. OF CERTIFICATES
COUNTRY YEAR: 1975 OF GSP EXPORTS OF ORIGIN ISSUED
TO TOTAL EXPORTS

PHILIPPINES \$78.8 MILLION 3.44 PCT. 9,010
INDONESIA \$55 MILLION 8.44 PCT. 15,885

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MALAYSIA	NA	10.3 PCT	14.402
SINGAPORE	\$645 MILLION	NA	NA
INDIA	\$401 MILLION	12 PCT.	NA
ARGENTINA	\$ 80 MILLION	3.85 PCT.	NA

J) HOW DO YOU EVALUATE CHANGES IN THE GSP ELIGIBILITY LIST FOR THE PHILIPPINES FOR 1977?

THE TWENTY ONE (21) TSUS ITEMS ESTABLISHED BY EXECUTIVE ORDER NO. 11934 THROUGH GENERAL MODIFICATION OF TWELVE (12) TSUS ITEMS ARE NOT OF EXPORT INTEREST TO THE PHILIPPINES, ALTHOUGH ONE OF THESE ITEMS (687.37- TV PICTURE TUBE) IS BEING PRODUCED LOCALLY.

1. REGARDING THE LIST OF ELIGIBLE ARTICLES FOR WHICH GSP TREATMENT IS GRANTED TO ALL DESIGNATED BENEFICIARY COUNTRIES -

A - THE NINETEEN (19) TSUS ITEMS DELETED FROM THE US LIST OF ELIGIBLE ARTICLES ARE NOT OF EXPORT INTEREST TO THE PHILIPPINES;

B - NOR ARE THE NINE (9) TSUS ITEMS ADDED IN US LIST OF ELIGIBLE ARTICLES OF EXPORT INTEREST TO THE PHILIPPINES, ALTHOUGH ONE ITEM, I.E. TV PICTURE TUBES, IS BEING PRODUCED LOCALLY.

2. REGARDING THE LIST OF ELIGIBLE ARTICLES WHICH ARE COVERED BY THE COMPETITIVE NEED LIMITATION - THE THREE (3) TSUS ITEMS WHICH WERE DELETED FROM THE LIST AS WELL AS THE FIFTEEN (15) TSUS ITEMS WHICH ARE ADDED TO THE LIST ARE NOT OF EXPORT INTEREST TO THE PHILIPPINES.

K) HAS THE PHILIPPINES PETITIONED THE TRADE POLICY STAFF COMMITTEE IN WASHINGTON TO HAVE ITEMS ADDED TO THE GSP ELIGIBILITY LIST? WHAT ITEMS (PLEASE GIVE TSUSA UNCLASSIFIED

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NUMBERS IF POSSIBLE)

YES, A LIST HAS BEEN SUBMITTED FOR THE MARCH REVIEW OF THE US-GSP. THE LIST COMPRISES FOLLOWING TSUSA NUMBERS:

1. TUNA: 112.30; 112.34; AND 112.90

2. TOBACCO: 170.28; 170.32; 170.35; EX 170.66; AND 170.72.

3. TEXTILES (LACE OR NET ARTICLES): EX 386.08 AND 387.30

4. FOOTWEAR: 700.58; 700.83; AND 700.85

2. COMMENT: NOTE THAT THESE ANSWERS REPRESENT THE UNOFFICIAL
JUDGMENT OF DEPARTMENT OF TRADE OFFICIALS.
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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Executive Order: N/A
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2617163
Secure: OPEN
Status: NATIVE
Subject: GSP: FIRST YEAR REVIEW
TAGS: ETRD, RP
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/5aba8a99-c288-dd11-92da-001cc4696bcc
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